



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1174

SUBJECT: Small Business Jobs Act:
Dealer Floor Plan Pilot Program

EFFECTIVE: 9/29/2010

On September 27, 2010, President Obama signed the Small Business Jobs Act of 2010 (“Small Business Jobs Act”). The purpose of this Notice is to inform SBA personnel that a new, expanded Dealer Floor Plan (“DFP”) Pilot Program is authorized under Section 1133(a) of the Small Business Jobs Act. SBA has started work on implementing the new DFP Pilot Program, which will become available in the coming months and will remain available until September 30, 2013. Thus, as was announced through a notice published in the *Federal Register* (74 FR 32006) on July 6, 2009, the Agency’s currently available DFP Pilot Initiative will expire on September 30, 2010, and will not be renewed.

Between July 1, 2009 and September 1, 2010, 79 DFP lines of credit were approved by SBA. These lines of credit were beneficial to the automotive, recreational vehicle, and marine dealers who received them; however, overall participation in the DFP Initiative was not widespread. Many dealers and lenders noted that SBA’s \$2 million loan limit did not address their financing needs and was a major impediment to their participation. The Small Business Jobs Act increases SBA’s 7(a) and Dealer Floor Plan maximum loan amount to \$5 million and addresses certain other issues raised by dealers and lenders about the expiring DFP Initiative. SBA believes these changes will make the new DFP Pilot Program more attractive to a larger segment of the small business dealer community and the small business floor plan lending community.

Because the DFP Pilot outlined in the Small Business Jobs Act differs materially from the current initiative, SBA must construct new credit models, policies, and procedures before it becomes available. This process is quite extensive and will take several months to complete. SBA is focused on accelerating this process as much as possible. As we work to implement the new DFP Pilot Program, SBA welcomes input from industry trade associations, lenders, dealers and other interested parties. In the meantime, there will be a short gap between the current DFP Initiative’s September 30, 2010 sunset date and the date on which the new DFP Pilot Program is available. During this gap, new SBA-guaranteed DFP lines of credit will not be available. SBA considered extending the existing DFP Initiative to fill this gap. However, based on the low program participation due to the limitations of the current initiative, the Agency believes that it should not renew the current initiative and should focus on quickly and effectively implementing the new DFP Pilot.

After September 30, 2010, no new floor plan lines of credit can be guaranteed by SBA under the current DFP Initiative. The termination of this initiative will have no effect on any DFP line of credit approved by SBA on or before September 30, 2010.

EXPIRES: 9/1/2011

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Notification and Questions:

SBA field offices are responsible for notifying participants that the current DFP Initiative will expire on September 30, 2010.

Questions and comments concerning this Notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at www.sba.gov/localresources.

Grady B. Hedgespeth, Director
Office of Financial Assistance